

House Energy Policy Committee
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Good morning and thank you for this opportunity to provide insight from an Intermediate School District on the significant impact of having choice in purchasing electricity.

Tuscola Intermediate School District has been a member of the Michigan School Energy Cooperative since its inception in 1997. We, along with several other districts had the vision of cooperative purchasing of electricity and natural gas and maximizing the use of these savings by expanding opportunities in classrooms. Eight of the nine local school districts within Tuscola ISD also participate in MISEC. Tuscola ISD has approximately 8365 students. The average savings in electricity purchased through choice with MISEC for the entire ISD averages \$35 per student which equates to approximately \$250,000 per year for the entire ISD!

Tuscola ISD has one district that does not participate in electric choice due to lack of capacity in the 10% legislative cap. This district would like to purchase electricity through choice and is in the queue should capacity become available. For this district, they lose out on a saving of approximately \$40,110 per year based on the average savings of \$35 per student! This district was also identified by the state as an academically distressed district. This district is also having difficulty in passing a bond issue to improve infrastructure. This district could certainly use the savings associated with purchasing electricity through choice!

To provide insight on the significance of the annual savings of \$250,000 associated with choice purchasing throughout Tuscola ISD, consider the following that could be purchased with the savings based on an average of \$35 per student.

- 1250 Chromebooks at \$200 each
- 555 desktops at \$450 each
- 500 laptops at \$500 each
- 200 Smartboards at \$1250 each

To further illustrate the importance of wisely purchasing electricity through choice we need to consider the loss of students throughout our state, in local districts and ISD's. In 1984-85 Tuscola ISD provided services to 15,107 students. Today we service 8300 students. We have lost approximately half of our student population but the use of electricity did not reduce at this same rate. In terms of today's per pupil funding of \$7631, the reduction of students equates to a loss of over \$51 million of revenue in Tuscola ISD per year. The percentage of our budget dedicated to paying utility bills has increased significantly while the student population has decreased.

Electricity is a fixed cost that does not significantly fluctuate due to student enrollment. It is a cost that is not obvious in the scope of learning. We take electricity for granted yet it has a major impact on the school budget. School districts need to take advantage of every opportunity to maximize the use of every available dollar and purchasing electricity through the choice market is one of those cost saving opportunities! At Tuscola ISD, the average monthly electric bill is \$8700 with an annual electric bill of \$105,000. By state law, for items or services over \$23,417 school districts are required to use a bid system to ensure the efficient use of tax funds. Why should purchasing utilities be any different? Schools should be allowed to maximize the use of our funds through electric choice and drive more dollars to the business of educating students.

In most school districts utilities are one of the top five highest expenses for the school system. At Tuscola ISD we have saved a total of approximately \$232,756 since beginning our association with MISEC electric purchasing program in 2001. This equates to \$14,547 per year! To put this in some context, in August, Tuscola ISD installed a new computer lab for Computer Information Technology students at a cost of \$9600. This computer lab is used every day in a career and technical education program to prepare students with industry based credentials and certifications in Microsoft, A+ Network Administration, and Certified Internet Webmaster. We more than paid for a computer lab that is preparing students for high tech careers with the savings experienced through choice purchasing of electricity!

Eight of the local districts within Tuscola ISD have saved a total of over \$1,281,000 due to purchasing electricity on the choice market through MISEC. This is a combined average of over \$85,000 per year in our rural county!

At Tuscola ISD, we recently upgraded our heating, ventilation and cooling control system to maximize our utility efficiencies at a cost of \$10,000. Four years ago we installed new boilers and air handling equipment to improve efficiencies and reduce energy use which required extensive public bids. We have installed new roofs, windows and doors to improve efficiencies which required bids. Schools should be allowed to use a bid system for purchasing electricity as well. Schools should be allowed to purchase electricity in the most efficient manner possible! The savings we experience from purchasing electricity has a direct impact on student learning and future savings for our district!

At Tuscola ISD if the electric choice market is eliminated, our schools will have some new choices to make! We will choose what will be eliminated to cover the increased cost of utilities! It could be the elimination of our math improvement initiative for 1st through 5th grade students which is showing great success. This initiative comes at a cost of \$145,000 per year. If electric choice is eliminated schools may be forced to make a choice about eliminating the purchase of a Chromebook cart for \$4800 or paying higher electric bills. A great field trip may be eliminated to pay the extra cost of no longer having a choice option for electricity. Every time school district fixed expenses are increased, school districts are forced to make choices that often have negative impacts on education.

As legislators, you have an opportunity to make a positive impact on students and the learning process by preserving and expanding electric choice. As a representative from an ISD who is truly committed to the efficient and wise use of tax funds, I encourage you to work toward preserving and expanding choice options for the purchase of electricity.